

More Horror Stories

Joe Robbie, a successful businessman, attorney and co-founder of the Miami Dolphins died with an estate under \$100 million but almost 50% of it vanished in federal estate taxes.

Robbie like many owners of family-run businesses, planned to have his family follow in his footsteps. When he died, he passed his franchise and the stadium he had built to his wife Elizabeth through the marriage deduction. After his wife passed away, a split among his nine children and a staggering estate tax bill exceeding \$45 million, forced the family to sell both the team and the stadium for \$138 million. Much less than their value. Shooting yourself in the foot does not require great marksmanship.

The real tragedy is that it all could have been avoided. The March, 1994 Financial Planning Magazine reported, "If that \$45 million could have been paid with a life insurance check it would have certainly changed the financial complexion of the family's situation." Why win the game of life, but loose the game of taxes?

Wm. Paley, founder and chairman of the Columbia Broadcasting System (CBS) was a strong business planner but a weak estate planner. **Mr. Paley did not** establish an irrevocable life insurance trust, nor did he own substantial amounts of life insurance. Following Paley's death, his estate had to sell his entire block of CBS stock to pay his death estate taxes. Because his tax had to be paid within nine months of the date of his death, the CBS stock sold at a significant discount.